



Mandalay Resources Corporation Announces Production and Sales Results for the Second Quarter of 2019

TORONTO, ON, July 09, 2019 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJD) announced today its production and sales results for the second quarter of 2019.

In the second quarter of 2019, Mandalay produced 19,500 saleable ounces of gold equivalent and sold 20,259 ounces of gold equivalent.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "Mandalay's production during the second quarter highlights the continued strong performance at Björkdal with 14,243 ounces of gold produced. This can be attributed to delivery of constant tonnage from the underground mine which is producing at a stabilized rate, and to the mining of a small pocket of higher-grade skarn. We anticipate Björkdal's production will remain stable throughout the remainder of 2019 and will focus on the Aurora zone, main zone and skarn ore development. The open pit operation is scheduled to pause production at the end of July, and this is not anticipated to have any effect on the year end cost and production guidance at Björkdal for 2019."

Mr. Duffy continued, "At Costerfield, we maintained our capital development focus on reaching the higher-grade Youle lode, which is expected to increase the grade of material mined starting in the fourth quarter of 2019. Total gold equivalent production during the quarter of 5,257 ounces was lower than the previous quarter due to poor ground conditions in the Brunswick lode slowing down production and lowering grades through increased dilution. To improve mining in these conditions, additional shotcrete capacity has been initiated on site to allow for the increased production in the Brunswick lode going forward."

Mr. Duffy concluded, "Moving forward, the Company's main operational objectives for the second half of 2019 continue to be advancing development to the Youle lode at Costerfield to achieve production from this deposit starting in the fourth quarter and continuing the current strong underground production rate at Björkdal. On the exploration side, the focus at Costerfield is on the deep drilling program, initiated in June this year, and extensional drilling on the Youle lode. At Björkdal, explorational drilling is further expanding the Aurora zone, and drilling of the higher-grade skarn deposits throughout the mine." Please see the press release dated June 18, 2019, for more information on the Company's exploration program, priorities and results.

Saleable production for the quarter ended June 30, 2019:

- In the second quarter of 2019, the Company produced a total of 17,544 ounces of gold and 371 tonnes of antimony, representing a total of 19,500 ounces of gold equivalent, versus 19,154 ounces of gold and 503 tonnes of antimony in the second quarter of 2018 and a total of 22,348 ounces of gold equivalent in that period.
- Production at Björkdal was 14,243 ounces of gold in the second quarter of 2019, as compared to 14,017 ounces of gold in the second quarter of 2018.

- Production at Costerfield was 3,301 ounces of gold and 371 tonnes of antimony in the second quarter of 2019, versus 5,137 ounces gold and 503 tonnes antimony in the second quarter of 2018.

Saleable production for the six months ended June 30, 2019:

- The Company produced a total of 36,034 ounces gold and 946 tonnes antimony, representing a total of 41,440 ounces of gold equivalent production, versus 38,457 ounces gold and 1,108 tonnes of antimony in the corresponding six months of 2018 and a total of 45,520 ounces of gold equivalent in that period.
- Production at Björkdal was 28,628 ounces gold.
- Production at Costerfield was 7,406 ounces gold and 946 tonnes antimony.

Table 1 – Second Quarter and Six Month Saleable Production for 2019 and 2018

| Metal | Source | Three months ended June 30 2019 | Three months ended June 30 2018 | Six months ended June 30 2019 | Six months ended June 30 2018 |
|----------------------------------|---------------|----------------------------------------|----------------------------------------|--------------------------------------|--------------------------------------|
| Gold (oz) | Björkdal | 14,243 | 14,017 | 28,628 | 26,733 |
| | Costerfield | 3,301 | 5,137 | 7,406 | 11,724 |
| | Total | 17,544 | 19,154 | 36,034 | 38,457 |
| Antimony (t) | Costerfield | 371 | 503 | 946 | 1,108 |
| Average quarterly prices: | | | | | |
| Gold US\$/oz | | 1,309 | 1,307 | | |
| Antimony US\$/t | | 6,894 | 8,295 | | |
| Au Eq. (oz) ¹ | Björkdal | 14,243 | 14,017 | 28,628 | 26,733 |
| | Costerfield | 5,257 | 8,331 | 12,812 | 18,787 |
| | Total | 19,500 | 22,348 | 41,440 | 45,520 |

¹ Quarterly gold equivalent ounces ("Au Eq. oz") produced is calculated by multiplying the saleable quantities of gold ("Au"), and antimony ("Sb") in the period by the respective average market prices of the commodities in the period, adding the two amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Sales for the second quarter ended June 30, 2019:

- In the second quarter of 2019, the Company sold a total of 18,026 ounces of gold and 424 tonnes of antimony, representing a total of 20,259 ounces of gold equivalent, versus 18,497 ounces of gold and 560 tonnes of antimony in the second quarter of 2018, representing a total of 22,052 ounces of gold equivalent.
- Björkdal sold 14,376 ounces of gold in the second quarter of 2019, versus 12,428 ounces of gold in the second quarter of 2018.

- Costerfield sold 3,650 ounces of gold and 424 tonnes of antimony in the second quarter of 2019, versus 6,069 ounces of gold and 560 tonnes of antimony in the second quarter of 2018.

Sales for the six months ended June 30, 2019:

- The Company sold 37,883 ounces gold and 949 tonnes antimony, representing a total of 43,266 ounces of gold equivalent, versus 43,305 ounces gold and 1,239 tonnes antimony in the second quarter of 2018, representing a total of 51,203 ounces of gold equivalent.
- Björkdal sold 30,154 ounces gold.
- Costerfield sold 7,729 ounces gold and 949 tonnes antimony.

Table 2 – Second Quarter and Six Month Sales for 2019 and 2018

| Metal | Source | Three months ended June 30 2019 | Three months ended June 30 2018 | Six months ended June 30 2019 | Six months ended June 30 2018 |
|----------------------------------|---------------|------------------------------------------------|------------------------------------------------|----------------------------------------------|----------------------------------------------|
| Gold (oz) | Björkdal | 14,376 | 12,428 | 30,154 | 30,105 |
| | Costerfield | 3,650 | 6,069 | 7,729 | 13,200 |
| | Total | 18,026 | 18,497 | 37,883 | 43,305 |
| Antimony (t) | Costerfield | 424 | 560 | 949 | 1,239 |
| Average quarterly prices: | | | | | |
| Gold US\$/oz | | 1,309 | 1,307 | | |
| Antimony US\$/t | | 6,894 | 8,295 | | |
| Au Eq. (oz) ¹ | Björkdal | 14,376 | 12,428 | 30,154 | 30,105 |
| | Costerfield | 5,883 | 9,624 | 13,112 | 21,098 |
| | Total | 20,259 | 22,052 | 43,266 | 51,203 |

¹Quarterly Au Eq. oz sold is calculated by multiplying the saleable quantities of Au, and Sb in the period by the respective average market prices of the commodities in the period, adding the two amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au for the period. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken of the last business day.

For Further Information:

Dominic Duffy
President and Chief Executive Officer

Edison Nguyen
Manager, Analytics and Investor Relations

Contact:
647.260.1566

About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, and care and maintenance and development projects in Chile. The Company is focused on growing production at its gold and antimony operation in Australia, and gold production from its operation in Sweden to generate near-term cash flow.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the Company's production of gold and antimony for the 2019 fiscal year. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, changes in commodity prices and general market and economic conditions. The factors identified above are not intended to represent a complete list of the factors that could affect Mandalay. A description of additional risks that could result in actual results and developments differing from those contemplated by forward-looking statements in this news release can be found under the heading "Risk Factors" in Mandalay's annual information form dated March 28, 2019, a copy of which is available under Mandalay's profile at www.sedar.com. In addition, there can be no assurance that any inferred resources that are discovered as a result of additional drilling will ever be upgraded to proven or probable reserves. Although Mandalay has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.